Before the
Federal Communications Commission
Washington, D.C. 20554

In the matter of	
	CC Docket No. 96-45
Federal-State Joint Board on Universal Service	

Reply Comments on Joint Board Recommended Decision by Maine Public Utilities Commission

Dated: January 17, 2003

AT&T and Verizon state that section 254(b)(3) of the Act was not intended to remedy a lack of rate comparability that existed prior to the passage of the Act in 1996. The California Commission also asserts that the range of rates at the time the 1996 Act was adopted sufficiently defines "reasonably comparable." Both of these claims are without any statutory basis and should be rejected.

If AT&T's and Verizon's analysis of the purpose of the Federal fund were correct their would be no need for the kind of Universal service fund that transfers funds between states. That is the kind of fund we are considering here. Although increased local competition resulting from the mandatory interconnection and unbundling provisions of the Act may cause rate deaveraging within a state, those pressures will not materially change the cost of providing local service in the state. Deaveraging may

cause residential and rural rates to increase. However, that kind of harm to rate comparability can and should be supported by intrastate universal service funds. That harm does not require Federal assistance. Federal assistance is needed to offset high average states' costs which cannot be brought down without financial help from outside the state.

The Federal support program codified into Federal Law the kind of high cost support programs established by the Commission and Separations Joint Board prior to the existence of the Act. The support program under review here, like the program which it subsumed and replaced, was designed to address state to state cost differences and not intrastate rate increases caused by rebalancing in response to local competition.[1] The sufficiency and "reasonably comparable" language of § 254(b)(3) was added because the high cost fund that existed prior to the passage of the Act contained no means to ensure that the funds provided were sufficient to support the needs of high cost states. Indeed, that pre-Act fund arbitrarily provided inadequate support for high cost states served by companies serving over 200,000 lines. Vermont had a waiver petition before the Commission for nine years proceeding the passage of the Act to try to remedy that problem. § 254(b)(c) of the Act established those necessary funding standards and made that petition moot.

[1] The Joint Board and this Commission has itself stated that the purpose of Federal support to nonrural carriers is to deal with cost differences between states. They have stated that cost and rate differences with states are primarily the responsibility of the states themselves.

The Act's Federal funding mechanism, which contains standards for determining the sufficiency of state to state fund transfers, can only reasonably be interpreted as being intended to remedy the inadequacies of the pre-Act high cost support mechanism. Those standards therefore must apply to the lack of reasonable comparability that existed prior to the passage of the Act.

Respectfully submitted,

_____

Joel Shifman, Esq. for
Maine Public Utilities Commission
24 State Street
18 State House Station
Augusta, ME 04333

Before the
Federal Communications Commission
Washington, D.C. 20554

In the matter of Federal-State Joint Board on Universal Service	CC Docket No. 96-45

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing reply comments will be mailed to the persons on the attached list.

Dated: January 17, 2003

Joel B. Shifman
Maine Public Utilities Commission
242 State Street
18 State House Station
Augusta, Maine 04333-0018
(207) 287-1381

William T. Lake
John H. Harwood, II
William R. Richardson, Jr.
Wilmer, Cutler & Pickering
2445 M Street, NW
Washington, DC 20037-1420

Robert B. McKenna
Steven R. Beck
Qwest Communications, Inc.
1020 19th Street, N.W. Suite 700
Washington, DC 20036

Joseph DiBella, Verizon
1515 North Court House Road
Suite 500
Arlington, VA 22201-2909

Chairman, Michael Powell
Federal Communications Comm.
445 12th Street, SW, Room 8-B201
Washington, DC 20554

Chairman, Kathleen Abernathy
Federal Communications Comm.
445 12th Street, SW, Room 8-A204
Washington, DC 20554

Chairman, Kevin J. Martin
Federal Communications Comm.
445 12th Street, SW, Room 8-C302
Washington, DC 20554

Chairman, Michael J. Copps
Federal Communications Comm.
445 12th Street, SW, Room 8-A302
Washington, DC 20554

William Caton, Acting Secretary
Federal Communications Comm.
445 12th Street, SW, TW-A325
Washington, DC 20554

Commissioner Jonathan Adelstein
Federal Communications Comm.
445 12th Street, SW
Washington, DC 20554

Bob Rowe, Commissioner
Montana Public Service Comm.
1701 Prospect Avenue
P.O. Box 202601
Helena, MT 59620-2601

Nanette G. Thompson, Chair
Regulatory Commission of Alaska
1016 West Sixth Ave, Suite 400
Anchorage, AK 99501-1693

Lila A. Jaber, Commissioner
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

J. Thomas Dunleavy,
Commissioner
New York Public Service Comm.
One Penn Plaza, 8th Floor
New York, NY 10119

Greg Fogleman, Economic Analyst
Florida Public Service Commission
2540 Shumard Oak Blvd.
Gerald Gunter Building
Tallahassee, FL 32399

Mary E. Newmeyer
Federal Affairs Advisor
Alabama Public Service Comm.
100 N. Union Street, Suite 800
Montgomery, AL 36104

Peter Bluhm
Director of Policy Research
Vermont Public Service Board
Drawer 20
112 State Street, 4th Floor
Montpelier, VT 05620-2701

Charlie Bolle, Policy Advisor
Nevada Public Service Comm.
1150 E. Williams Street
Carson City, NV 89701-3105

Peter Pescosolido, Chief
Telecom & Cable Division
State of Connecticut
Dept. of Public Utility Control
10 Franklin Square
New Britain, CT 06051

Jeff Pursley
Nebraska Public Service Comm.
300 The Atrium, 1200 N. Street
P.O. Box 94927
Lincoln, NE 68509-4927

Larry Stevens, Utility Specialist
Iowa Utilities Board
350 Maple Street
Des Moines, IA 50319

Carl Johnson
New York Public Service Comm.
3 Empire State Plaza
Albany, NY 12223-1350

Lori Kenyon
Common Carrier Specialist
Regulatory Commission of Alaska
1016 West Sixth Ave., Suite 400
Anchorage, AK 99501-1693

Jennifer Gilmore
Principal Tele. Analyst
Indiana Utility Regulatory Comm.
Indiana Government Center South
302 W. Washington St., Suite 306
Indianapolis, ID 46204

Michael Lee
Montana Public Service Comm.
1701 Prospect Avenue
P.O. Box 202601
Helena, MT 59620-2601

Susan Stevens Miller
Maryland Public Service Comm.
6 St. Paul Street, 16th Floor
Baltimore, MD 21202-6806

Tom Wilson
Washington Utilities & Transportation Commission
1300 Evergreen Park Drive, S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Philip McClelland
Commonwealth of Pennsylvania
Office of Consumer Advocate
555 Walnut Street
Forum Plaza, 5th Floor
Philadelphia, PA 19106

Barbara Meisenheimer
Missouri Office of Public Counsel
301 West High Street, Suite 250
Truman Building
P.O. Box 7800
Jefferson City, MO 65102

Earl Poucher, Legislative Analyst
Office of the Public Counsel
State of Florida
111 West Madison, Room 812
Tallahassee, FL 32399-1400

Brad Ramsay
NARUC
1101 Vermont Ave., N.W.
Suite 200
Washington, DC 20005

David Dowds
Public Utilities Supervisor
Florida Public Service Commission
2540 Shumard Oak Blvd.
Gerald Gunter Building
Tallahassee, FL 32399-0850

Michele Farris
S. Dakota Public Utilities Comm.
State Capitol
500 East Capitol Street
Pierre, SD 57501-5070

Matthew Brill
Federal Communications Comm.
445 12th Street, SW, Room 8-A204
Washington, DC 20554

Samuel Feder
Federal Communications Comm.
445 12th Street, SW, Room 8-C302
Washington, DC 20554

Jordan Goldstein
Federal Communications Comm.
445 12th Street, SW, Room 8-A302
Washington, DC 20554

Carol Mattey
Federal Communications Comm.
445 12th Street, SW, Room 5-C451
Washington, DC 20554

Katherine Schroder
Federal Communications Comm.
CCB, Accounting Policy Division
445 12th Street, SW, Room 5-A426
Washington, DC 20554

Sharon Webber
Federal Communications Comm.
445 12th Street, SW, Room 5-A425
Washington, DC 20554

Eric Einhorn
Federal Communications Comm.
CCB, Accounting Policy Division
445 12th Street, SW, Room 5-A425
Washington, DC 20554

Anita Cheng
Federal Communications Comm.
CCB, Accounting Policy Division
445 12th Street, SW, Room 5-A445
Washington, DC 20554

Gene Fullano , Federal Staff Chair
Federal Communications Comm.
CCB, Accounting Policy Division
445 12th Street, SW, Room 5-A623
Washington, DC 20554

Katie King
Federal Communications Comm.
CCB, Accounting Policy Division
445 12th Street, SW, Room 5-B544
Washington, DC 20554

Dana Bradford
Federal Communications Comm.
CCB, Accounting Policy Division
445 12th Street, SW, Room 5-A314
Washington, DC 20554

Paul Garnett
Federal Communications Comm.
CCB, Accounting Policy Division
445 12th Street, SW, Room 5-A623
Washington, DC 20554

Bryan Clopton
Federal Communications Comm.
CCB, Accounting Policy Division
445 12th Street, SW, Room 5-A465
Washington, DC 20554

Greg Guice
Federal Communications Comm.
CCB, Accounting Policy Division
445 12th Street, SW, Room 6-A232
Washington, DC 20554

Geoffrey Waldau
Federal Communications Comm.
CCB, Accounting Policy Division
445 12th Street, SW, Room 5-B524
Washington, DC 20554

William Scher
Federal Communications Comm.
CCB, Accounting Policy Division
445 12th Street, SW, Room 5-B550
Washington, DC 20554

Qualex International
Portals II
445 12th Street, S.W.
Room CY-B402
Washington, DC 20554